

Mexico-U.S. Relations: Issues for Congress

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Mexico-U.S. Relations: Issues for Congress

SUMMARY

The United States and Mexico have a special relationship since the entry into force of the North American Free Trade Agreement (NAFTA) on Jan. 1, 1994, which removes trade and investment barriers over a 15-year period. Major issues of concern to Congress are trade, immigration, drug trafficking, and human rights and elections.

In the trade area, NAFTA institutions have been functioning, trade between the countries has increased, and allegations of violations of labor and environmental legislation have been considered. After Mexico's 1994-1995 financial crisis, some Members sought to restrict the financial support for Mexico provided by President Clinton on his own authority, while others called for repeal or amendment of NAFTA. No action was taken to withdraw from NAFTA, however, and congressional restrictions generally required the provision of reports on the disbursements and Mexico's compliance with conditions. Mexico has completely repaid all of the total of \$13.5 billion that was disbursed under the financial support package. Recent trade disputes have involved tomatoes, trucking access in border areas, brooms, and sanctions against third countries with investments in Cuba.

With reference to immigration issues, in 1996, Congress passed major immigration reform measures. It passed the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, Division C of the Omnibus Consolidated Appropriations for FY1997 (P.L. 104-208); and the new welfare law entitled the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193). These measures aim to control

illegal immigration by expanding the resources of the Border Patrol and by limiting the eligibility of aliens to federal benefits.

With regard to drug trafficking issues, the major recent focus has been on President Clinton's certification of Mexico as a fully cooperative country on February 28, 1997. With critics claiming that a message should be sent to Mexico to encourage it to deal more aggressively with drug cartels and corruption, congressional resolutions of disapproval were introduced in early March 1997. On March 13, 1997, by a vote of 251-175, the House passed H.J. Res. 58, a resolution of disapproval, with the Hastert amendment, as modified, that defers disapproval of the Presidential certification of Mexico if, within 90 days of enactment, the President reports that he has obtained assurance of progress with Mexico in specified areas of drug control cooperation.

Regarding political and human rights, recent concerns have focused primarily on the June 1995 killing of peasants in the state of Guerrero, and the fairness of the upcoming legislative elections on July 6, 1997. President Ernesto Zedillo of the long-ruling PRI has pressed for electoral and judicial reforms and a peaceful resolution of the Chiapas situation. He is dealing with the country's financial crisis, the unfolding investigations of assassination and corruption cases, election losses for his party in several states, and the emergence of new guerrilla groups. In July 1997, the country will hold nationwide legislative elections under new but contested electoral reforms.

MOST RECENT DEVELOPMENTS

In early December 1996, President Zedillo removed Antonio Lozano of the opposition PAN as Attorney General, reportedly for inadequate action on drug corruption and assassination probes, and replaced him with Jorge Madrazo Cuellar who headed the National Human Rights Commission. In mid-December 1996, U.S. and Mexican officials, in Mexico City for the third meeting of the High Level Contact Group for Drug Control, agreed to increase cooperation in counter-narcotics activities. In mid-December, Mexico imposed higher tariffs on an array of U.S. goods, under the NAFTA safeguard provisions, in retaliation for the U.S. decision to boost tariffs on imports of Mexican broom corn brooms. In mid-January 1997, Mexico repaid 3 years early its outstanding debt of \$3.5 billion on medium-term swaps under the U.S. financial support package, thereby paying off the full amount of \$13.5 billion disbursed under the program. In early February 1997, The White House announced that President Clinton will make a two-day visit to Mexico April 11-12, 1997, after which he will visit four other hemispheric countries May 6-13, 1997. In mid-February 1997, President Zedillo removed from office General Jesus Gutierrez Rebollo, head of Mexico's National Drug Control Institute (INCD) since December 1996, and he was subsequently charged with accepting bribes from drug lord Amado Carillo Fuentes.

*On February 28, 1997, President Clinton certified Mexico as a fully cooperative country in efforts to control drug trafficking, prompting congressional criticism, although Administration officials had mentioned areas for improvement. On March 6, 1997, the House International Relations Committee voted 27-5 to report out H.J. Res. 58, a joint resolution of disapproval to decertify Mexico, with provisions that would permit the President to waive the sanctions, and require regular consultations with Congress. On March 13, 1997, by a vote of 251-175, the House passed H.J. Res. 58, with the Hastert amendment, as modified, that defers disapproval of the Presidential certification of Mexico if, within 90 days of enactment, the President reports that he has obtained assurances of progress with Mexico in specified areas of drug control cooperation. (For more detail on this issue, see *Narcotics Certification and Mexico: Questions and Answers*, CRS Report 97-320F, March 6, 1997, by Raphael F. Perl, Jonathan Sanford, and K. Larry Storrs; *Drug Certification of Mexico: Arguments For and Against Congressional Resolutions of Disapproval*, CRS Report 97-329F, March 8, 1997, by K. Larry Storrs. *Mexico's Counter-Narcotics Efforts Under Zedillo, December 1994 to March 1997*, CRS Report 97-354, March 14, 1997, by K. Larry Storrs.*

BACKGROUND AND ANALYSIS

U.S.-Mexico Relationship

Major Bilateral Linkages

Mexico is the United States' third most important trading partner, after Canada and Japan. It is also one of the leading countries in Latin America in terms of U.S. investment, with total investment of about \$27 billion. In addition, cooperation with Mexico is vital in dealing with illegal immigration, the flow of illicit drugs to the United States, and a host of border issues.

The United States is Mexico's most important customer by far, receiving about 70% of Mexico's exports -- including petroleum, automobiles, auto parts, and winter vegetables -- and providing about 62% of Mexico's imports. The United States is the source of over 60% of foreign investment in Mexico, and the primary source of important tourism earnings.

Until the early 1980s, Mexico had a closed and statist economy and its independent foreign policy was often at odds with the United States. Beginning under President Miguel de la Madrid (1982-1988) and continuing more dramatically under President Carlos Salinas de Gortari (1988-

1994), Mexico adopted a series of free market policies. It opened its economy to trade and investment, and cooperation with the United States increased on drug control, border issues, and trade matters. Completion of the North American Free Trade Agreement (NAFTA), which joined the United States, Mexico, and Canada, was the clearest indication of the growing integration and cooperation between the countries.

Zedillo Administration

Ernesto Zedillo of the long-ruling Institutional Revolutionary Party (PRI) was inaugurated as President on December 1, 1994. In his inauguration speech he pledged to continue the free market policies of his predecessor, and to pursue political reforms to strengthen democracy, and to seek to end poverty and the conflict in Chiapas. Although his cabinet was composed largely of technocrats with years of experience in the Salinas government, Zedillo named opposition politician, Antonio Lozano of the National Action Party (PAN), as Attorney General, and charged him with pursuing the assassination investigations and with ensuring the rule of law within the country.

Zedillo was elected with 50% of the valid vote in the August 21, 1994 elections. Diego Fernandez de Cevallos of the conservative National Action Party (PAN) came in second with 27% of the vote, and Cuauhtemoc Cardenas of the center-left Party of the Democratic Revolution (PRD) came in third with 17% of the vote. Despite some irregularities and disturbances, the election was generally judged to be satisfactory by domestic observers and international visitors, although there was a fairly wide consensus on the need for additional reforms. With similar results in the legislative races, the PRI has 95 senators in the 128 member Senate, the PAN has 25 and the PRD has 8. The PRI holds 300 seats in the 500-seat Chamber of Deputies, the PAN holds 119, the PRD has 71, and the Workers Party (PT) has 10. The PRI also won in local races, including the governorship of Chiapas, but it lost control of the industrial city of Monterrey in the state of Nuevo Leon after electoral irregularities were resolved. Since then, the PAN has won many governorships and mayoralties, especially in the larger cities.

The major problems facing Zedillo are the economic crisis, the assassination and corruption probes, and guerrilla groups. For background on these developments in the year preceding Zedillo's inauguration, see *Mexican Challenges in 1994: Uprising in Chiapas, Assassinations, Elections, and Devaluation*, CRS Report 95-527 F.)

Economic Crisis. Mexico's economic crisis began in late December 1994, when the currency, stock, and bond markets fell dramatically, despite the announcement of domestic reforms and the provision of U.S. and international support packages explained below. By early January 1995, Zedillo had named Guillermo Ortiz as the new Finance Minister and the government announced economic austerity plans which included wage and price constraints, cutbacks in government spending, strict monetary policy, accelerated privatization of government entities, and backup financing from international sources. By early March 1995, in the face of continuing difficulties, the government agreed to strict conditions on U.S. and IMF loans, and announced even more severe austerity measures, including a 50% increase in the value added tax (from 10% to 15%), increased fuel prices, tight monetary policy, and even more stringency in governmental spending. In October 1995, following a significant decline in the stock market and the value of the peso, the government negotiated a new pact with labor and business sectors, called the Alliance for the Recovery of Economic Growth, which called for cooperation to control inflation, and tax incentives to encourage productive investment and job creation. In early 1996, Zedillo announced that the economy had declined 7% in 1995, but he argued that it would improve in 1996, noting that Mexico had reduced its debt, remained current on debt obligations, and gained access to ordinary lines of credit. In early August 1996, the

government prepaid \$7 billion to the United States under the financial support program, after arranging a loan package from commercial banks. In his state of the union speech on September 1, 1996, President Zedillo stated that the country was clearly on the road to recovery but he admitted that it would take time to restore pre-crisis living standards. In mid-October 1996, Mexico announced that it was reversing plans to sell off the state-owned petrochemical industry, but would invite private sector participation in ventures in which the state held 51% ownership. In mid-February 1997, the Ministry of Finance announced that the Mexican economy grew a surprising 7.6% in the fourth quarter of 1996, and produced an annual growth rate for 1996 of 5.1%.

Assassination and Corruption Probes. President Zedillo ordered Attorney General Antonio Lozano of the opposition PAN to reopen the investigations of the May 1993 killing of Cardinal Posadas, the March 1994 assassination of PRI presidential candidate Donaldo Colosio, and the September 1994 murder of PRI official Jose Francisco Ruiz Massieu. Lozano named Pablo Chapa Bezanilla as a special prosecutor in the assassination cases, but he was replaced by Luis Raul Gonzalez Perez in August 1996. During the year, the Attorney General dismissed over 1,250 federal law enforcement officials in anti-corruption shakeups. In early December 1996, President Zedillo removed Antonio Lozano as Attorney General, reportedly for inadequate action on drug trafficking and assassination probes, and named as his replacement Jorge Madrazo Cuellar, a political independent who headed the government's Human Rights Commission. Also named in the shakeup were Ismael Eslava Perez as Special Prosecutor to investigate the 1994 assassinations, and General Jose Gutierrez Rebollo to head the National Drug Control Institute. General Gutierrez Rebollo was removed in mid-February 1997, on suspicion that he accepted bribes from drug lord Amado Carrillo Fuentes. Attorney General Madrazo Cuellar announced the appointment of General Tito Valencia Ortiz as the new head of the anti-drug agency.

With regard to May 1993 killing of Cardinal Posadas, the Attorney General's office announced in September 1995, that it was ending the active investigation of the case, with available evidence pointing to the original hypothesis that he was mistakenly killed by rival drug gangs.

With regard to the March 1994 assassination of PRI presidential candidate Donaldo Colosio, one gunman, Mario Aburto, was convicted and sent to jail in 1994. Special prosecutor Chapa said in early 1995 that a second gunman, Othon Cortes Vasquez, was involved, even though two previous special prosecutors had concluded that only one gunman was responsible. In early August 1996, the judge found Othon Cortes Vasquez not guilty. The Attorney General appealed the decision, but the appellate judge confirmed the decision in early November 1996. The new special prosecutor says the investigation is continuing.

With regard to the September 1994 killing of PRI official Ruiz Massieu, Raul Salinas, the former President's brother, was arrested for involvement in this case in late February 1995, and he is also being held for possible involvement with drug traffickers or in influence-peddling. In November 1995, his wife was arrested when she attempted to withdraw funds from a Swiss bank account under another name. Since then news accounts have suggested the discovery of up to \$300 million in these accounts. Some wealthy Mexicans, many linked to privatization investments during the Salinas period, have admitted contributing funds for investment purposes. Former Deputy Attorney General Mario Ruiz Massieu, who had headed the investigation of his brother's assassination, was arrested in Newark, New Jersey, in early March 1995, for failure to declare his currency holdings to Customs officials, and Mexican officials sought his extradition on grounds that he covered up Raul Salinas' involvement. In January 1996, a U.S. judge for the fourth time refused to extradite Mario Ruiz Massieu, finding the evidence against him lacking, and another judge stayed U.S. efforts to deport him. In early October 1996, Mexican police unearthed a corpse at Raul Salinas' ranch which they believed to be the body of former Congressman Manuel Munoz Rocha who was implicated along with Raul Salinas in the September 1994 killing. On January 31, 1997, Mexican police arrested psychic Francisca Zetina and seven associates and charged them with engaging in a plot to plant a corpse at Raul Salinas' ranch to advance charges against him. When former Special Prosecutor Pablo Chapa Bezanilla failed to appear

for questioning, an arrest warrant was issued for him on February 4, 1997, and investigators claimed that he paid Zetina for her testimony. Former Attorney General Lozano said, on February 1, 1997, that he was prepared to speak with investigators to clear his name. Zetina told police on February 5, 1997, that she planted the corpse at the behest of Raul Salinas who was seeking to discredit the case against him.

Guerrillas in Chiapas and Guerrero. President Zedillo promised to peacefully end the dispute with Zapatista guerrillas in Chiapas that had been unresolved since the the cease-fire in mid-January 1994. Despite some early efforts at accommodation, the Zapatista military mobilization in mid-December 1994 was one of the factors that led to the run on the peso and the financial crisis. On February 9, 1995, President Zedillo ordered the arrest of Zapatista leaders in Chiapas, but on February 14, he called off the offensive and later proposed to the Mexican Congress a Law for Dialogue, Conciliation and Dignified Peace. Congress modified and approved the law in early March, and in early April the Zapatistas agreed to begin peace talks with an agreed agenda. Representatives of both sides met in San Andres Larrainzar, in the state of Chiapas, throughout the year and reached an agreement on indigenous rights in January 1996 which was signed in February 1996. After consultation with the public, the Zapatista leaders announced in early January 1996 that they would become a political movement. The two sides met in March 1996 but disagreed on the makeup of the commission to oversee the peace accord and the second agenda item. Talks resumed in April, but stalled in early May with the arrest of two alleged guerrilla leaders. After the release of the suspects, talks resumed and both sides reached agreement in mid-July on a procedure for dealing with the democracy and justice theme. Formal talks on this theme began on August 6, 1996, but the Zapatistas suspended talks in early September 1996, claiming the government was not acting in good faith. In mid-January 1997, the Zapatistas rejected the government's proposed constitutional changes to the government-EZLN agreement on indigenous rights.

Another guerrilla group, known as the Popular Revolutionary Army (EPR), appeared in the state of Guerrero on June 28, 1996, at the commemoration of the killing of 17 peasants in Aguas Blancas. After calling for the overthrow of the government, the group disappeared. The Mexican army searched for the group and arrested some suspects, but some commentators doubted the seriousness of the group. EPR spokesmen alleged in early August 1996 that they had opened a new front in the Sierra Madre Oriental mountains. EPR guerrillas launched coordinated attacks in three states (Guerrero, Oaxaca, Mexico) on August 28, but then disappeared again, prompting President Zedillo to characterize the group as a terrorist organization and to state that the government will not negotiate with the organization. The EPR made similar attacks in the three states in late October 1996, although they declared month-long cease-fires in the states of Guerrero and Mexico while elections were being held. At least 22 EPR members were arrested in Oaxaca in early November 1996. Additional guerrilla groups -- Revolutionary Army of Popular Insurgency (ERIP) and Armed Front for the Liberation of the Marginalized Peoples of Guerrero (FALPMG) -- announced their formation in late 1996.

Bilateral Issues for Congress

Trade Issues

Trade between Mexico and the United States has grown dramatically in recent years, encouraged by the adoption of the North American Free Trade Agreement (NAFTA) between Mexico, the United States, and Canada. The NAFTA agreement was negotiated in 1991 and 1992; side agreements on labor and environmental matters were completed in 1993; the agreements were approved by the respective legislatures in late 1993; and the agreements went into force on January 1, 1994. Under the agreements, trade and investment restrictions are to be eliminated over a 15 year period. In 1994, despite troublesome events in Mexico, the United States had exports of \$50.8 billion and imports of

\$49.5 billion, for a bilateral trade surplus of \$1.3 billion. In 1995, largely because of Mexico's financial crisis, U.S. exports to Mexico were \$46.3 billion and U.S. imports jumped to \$61.7, giving the United States a bilateral trade deficit of \$15.4 billion. As a result, some Members questioned the soundness of the decision to enter NAFTA and opposed the 1995 financial support package for Mexico. In 1996, the United States increased exports to \$55.0 billion and had imports of \$69.9 billion, for a bilateral trade deficit of \$14.9 billion.

Functioning of NAFTA Institutions. Since 1994, the NAFTA institutions required by the agreement and the side agreements have been created and have been functioning. The tripartite Commission on Environmental Cooperation (CEC) was established in Montreal, Canada; and the Commission for Labor Cooperation (CLC) was established in Dallas, Texas. In addition, the bilateral Border Environment Cooperation Commission (BECC), located in Ciudad Juarez, Mexico; and the North American Development Bank (NAD Bank), headquartered in San Antonio, Texas, were created to identify and finance border environment projects along the U.S.-Mexico border. At the Summit of the Americas in December 1994, the NAFTA partners announced that they would begin negotiations with Chile on accession to NAFTA. Formal negotiations await congressional approval of fast-track negotiating authority.

In the first few years under the NAFTA pact, the NAFTA institutions have operated to encourage cooperation on trade, environmental and labor issues, and to consider non-governmental petitions under the labor and environmental side agreements. Under the **labor** side agreement, six petitions have been submitted alleging non-compliance by Mexico or the United States with existing labor legislation: two submissions were advanced to the next stage of ministerial consultations; two submissions were essentially dropped on grounds that the workers who were fired in Mexico accepted severance pay; one submission was withdrawn; and one submission is currently being reviewed. In one of the cases advanced to ministerial consultation, involving the dismissal of workers for union organizing activities at a SONY electronics plant in Nuevo Laredo, Mexico, the labor ministers agreed to a plan of action including meetings with the affected workers, public seminars, and studies of union registration procedures. In the other case, involving the closure of a Sprint subsidiary in San Francisco, shortly before a union representation election, the labor ministers agreed to a public forum on the issues, and an exchange of information on a pending hearing to determine whether the closing was for anti-unionization or for financial reasons. Under the **environmental** side agreement, four petitions have been submitted alleging non-compliance with environmental legislation: in the case involving the environmental impact of the construction of a cruise boat port in Cozumel, Mexico, the Council directed the CEC Secretariat to prepare a factual record on the case; two of the submissions involving U.S. compliance were dropped on grounds that new legislation could not be considered non-compliance with earlier legislation; and the other case involving Canada was dropped pending the resolution of domestic suits. The CEC is cooperating on 38 environmental projects, including the protection of North American birds, following the report on massive migratory bird deaths at the Silva Reservoir in Mexico, produced in response to citizen complaints.

1995 Debate on Support Package and NAFTA. When Mexico experienced a financial crisis in December 1994 and early 1995, the Clinton Administration led the effort to develop a package of support for the country: in December 1994, the Administration offered \$9 billion in currency swaps; in early January 1995, it proposed \$40 billion in loan guarantees for congressional consideration; and in late January 1995, it offered \$20 billion in swaps and loan guarantees on presidential authority when it became clear that congressional approval would be delayed. Supporters argued that aid was necessary to support a major trading partner. Critics argued that the aid was unnecessary, exposed the United States to great risks, and should not be provided without the approval of Congress. Some critics claimed that the financial crisis demonstrated that NAFTA was a bad deal for the United States, and they introduced legislation (H.R. 499, H.R. 2651, S. 1427) to withdraw from NAFTA, but no action was taken on the proposals. Other critics pressed through the Mexican Debt Disclosure Act of 1995 (Title IV of P.L. 104-6) for full reporting on disbursements of financial support and Mexican economic reforms. Still others sought, without success, to limit the provision of the financial support

to Mexico without the approval of Congress. (For more detail on the debate and legislation relating to swaps and guarantees, see *Mexico and the U.S. Financial Support Package: Summary of Congressional Actions*, CRS Report 96-396F, May 3, 1996, by K. Larry Storrs.) On January 16, 1997, Mexico repaid 3 years early its remaining outstanding debt of \$3.5 billion on medium-term swaps under the financial support package, thereby paying off the full amount of \$13.5 billion provided under the program. The Treasury Secretary's report noted that Mexico had made all payments on time, including over \$1.36 billion in interest payments.

Recent Trade Disputes. In 1996, the Mexican government criticized U.S. postponement of some NAFTA provisions relating to trucking access to border areas, Florida complaints that Mexico was dumping tomatoes in the United States, and the sanctions against third countries with investments in Cuba in the Cuban Liberty and Democratic Solidarity Act of 1996 (H.R. 927/P.L. 104-114). Mexico expressed regret that its views against the latter legislation had been ignored, and noted that the NAFTA partners would use the legal resources of NAFTA to challenge the extraterritorial reach of the measure. In late October 1996, the United States and Mexico reached an agreement to settle the tomato dispute by agreeing to set a floor price for Mexican tomatoes sold in the United States. In mid-December 1996, Mexico imposed higher tariffs on an array of U.S. goods, under the NAFTA safeguard provisions, in retaliation for the U.S. decision to boost tariffs on imports of Mexican broom corn brooms. In early January 1997, President Clinton again suspended for six months the provisions of the so-called Helms-Burton legislation that permits lawsuits against those judged to be trafficking in the property of U.S. citizens confiscated by the Cuban government. The European Union is still pressing for a World Trade Organization (WTO) dispute settlement panel to rule on the legislation, despite the Clinton Administration's announced decision to boycott the panel's decision.

Immigration Issues

Nature of the Immigration Problem. Estimates reported in the press of the number of Mexicans living illegally in the United States range from 1.1 million to 2.7 million. An April 1994 Immigration and Naturalization Service (INS) study estimated that there were about 1.3 million unauthorized Mexicans residing in the United States, accounting for 39% of the total estimated illegal alien population. Mexico regularly expresses concern about alleged abuses suffered by Mexican workers in the United States, and takes the view that the migrants are "undocumented workers," not illegal immigrants, making the point that since the U.S. market attracts and provides employment for the migrants, it bears some responsibility. Mexico benefits from illegal migration in at least two ways: (1) it is a "safety valve" that dissipates the political discontent that could arise from high unemployment in Mexico; and (2) it is a source of remittances by workers in the United States to families in Mexico, ranging, according to widely varying estimates, from \$1 billion to \$10 billion.

The main U.S. mechanism for controlling illegal immigration in the past was the Immigration Reform and Control Act of 1986 (S. 1200, P.L. 99-603), which was passed by Congress in late 1986. Main provisions of the Act included: civil and criminal penalties for U.S. employers who knowingly hire undocumented workers; increased border control and enforcement measures; antidiscrimination safeguards; provision for amnesty or legalization for illegal aliens who resided continuously in the United States before 1982; and a special legalization for farm workers who were previously employed on American farms.

In the face of mounting criticism of illegal aliens, especially that they deprive American citizens of jobs, and that they are a growing burden on the educational, health, and welfare resources of certain states, the United States has sought to control illegal immigration to protect its borders and to preserve the program of legal immigration. Suits by the most affected states (California, Florida, Texas, and Arizona) against the federal government, and the passage in California in late 1994 of Proposition 187, which sought to deny health and educational benefits to illegal aliens, stimulated additional state and federal legislative proposals. Presidents Salinas and Zedillo strongly criticized Proposition 187 as racist and discriminatory.

Administration and Congressional Initiatives to Curb Immigration. The Clinton Administration has announced initiatives each year to curb illegal immigration. These initiatives have sought (1) to prevent illegal entry into the United States with additional Border Patrol agents and INS inspectors, using improved technology and procedures; (2) to remove and deport illegal and criminal aliens expeditiously; (3) to enhance enforcement of employer sanctions and labor and wage standards, including the testing of pilot programs to develop computerized verification systems to determine a person's eligibility for employment, as recommended by the Commission on Immigration Reform, headed by the late congresswoman Barbara Jordan. The Border Patrol has been increased substantially, and a strategy to deter illegal entry has been employed, known as "prevention through deterrence," modelled upon two border initiatives, Operation Hold the Line in the El Paso area and Operation Gatekeeper in the San Diego area.

Congress passed two major immigration reform measures in 1996 to control illegal immigration and to limit the eligibility of aliens for federal programs. One was the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, Division C of the Omnibus Consolidated Appropriations Act for FY1997 (H.R. 3610/P.L. 104-208), which evolved from H.R. 2202. The other was the new welfare law entitled the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (H.R. 3734/P.L. 104-193). The first measure seeks to control illegal immigration by adding 1,000 Border Patrol agents per year for the next 5 years (FY1997-FY2001), along with additional personnel, equipment, and procedures, to improve border and interior enforcement, verification of employment eligibility, and penalties for alien smuggling and document fraud. Both measures seek to reduce the attractiveness of immigration by restricting the eligibility of aliens for federal programs. (For more information, see *Immigration Legislation in the 104th Congress*, CRS Report 95-881 EPW, by Joyce Viallet, et al.)

With regard to bilateral cooperation, during President Zedillo's visit to Washington in October 1995, the two Presidents announced a pilot project in the San Diego area under which habitual illegal border crossers will be returned to their home towns in the interior of Mexico, rather than at the border. In early May 1996, during the Binational Commission meetings, the countries agreed to strengthen the protections for aliens, in light of incidents that suggested mistreatment of suspected illegal immigrants.

Drug Trafficking Issues

Nature of the Problem. Mexico is a major source of production of both heroin and marijuana for the U.S. market and has become the major transit point in the flow of cocaine from South America. According to the State Department, it was the source of about 20-30% of the heroin, up to 70% of the foreign grown marijuana, and the transit point for 50-70% of the cocaine shipped to the United States. While U.S.-Mexico efforts in this area have been marked by distrust at various times, particularly because of the killing of U.S. Drug Enforcement Agency (DEA) agents in the mid-1980s and the kidnapping of Mexican officials in 1990, relations have been improving in recent years. In response to U.S. criticisms of widespread corruption, Mexican officials point to the numerous Mexican policemen and soldiers killed in confrontations with narcotics traffickers as evidence of their commitment to controlling the problem. They also criticize U.S. officials for failing to do more to control the demand for drugs in the United States, noting that the problem is one of both supply and demand.

Presidential Certifications and Congressional Reactions. In general, the Clinton Administration's drug control policy has involved a change in emphasis. Domestically, the policy stresses drug treatment and prevention, and internationally it devotes more attention to eradication and source country institution building, particularly law enforcement and judicial institutions. The 1997 policy, announced on February 25, 1997, by President Clinton and General Barry McCaffrey, head of the Office of National Drug Control Policy, called for an anti-drug publicity campaign targeting children, along with measures to enhance interdiction along the southwest border and to strengthen

source countries capabilities. (For more information, see *Drug Control: International Policy and Options*, CRS Issue Brief 88093, by Rafael Perl.)

While both countries have pledged continuing cooperation at bilateral meetings of the Binational Commission and the High Level Contact Group, in 1996, Congress proposed various restrictions directed at Mexico unless the country took more forceful anti-narcotics actions. The final version of conditions on foreign operations appropriations in the Omnibus Consolidated Appropriations for FY1997 (P.L. 104-208) provided that not less than \$2.5 million shall be withheld from Mexico until the President has reported that Mexico is taking actions to reduce the flow of illegal drugs to the United States and is taking action to prosecute those involved in drug trafficking and money-laundering.

President Clinton certified on February 28, 1997, as he had done in 1995 and 1996, that Mexico was a fully cooperative country in efforts to control drug trafficking. (For background on previous years, see *Mexico's Counter-Narcotics Efforts, 1985-1995*, CRS Report 96-239, March 14, 1996, by K. Larry Storrs.) Some Members of Congress had urged President Clinton to grant a national interests certification as a way of indicating that Mexico needed to do more to eliminate drug-related corruption in government. Support for this position was prompted by the mid-February 1997 dismissal of General Jesus Gutierrez Rebollo as head of Mexico's central drug fighting agency, the National Drug Control Institute, on grounds that he was taking bribes from a major drug lord.

According to the Administration statement of explanation accompanying the certification, Mexican drug seizures and arrests increased in 1996; authorities arrested several major traffickers and dismissed over 1,250 corrupt police officers; the government had enacted key legislation for combatting money laundering, chemical diversion, and organized crime; and bilateral cooperation increased dramatically under the rubric of the High Level Contact Group on Narcotics Control. Despite these advances, the statement said that "the problems which Mexico faces remain daunting." Although some steps had been taken, the strongest groups, such as the Juarez and Tijuana Cartels, had not been confronted. The level of corruption was very serious, reaching into senior levels of Mexico's anti-drug law enforcement forces. It called for major efforts in the future, including system-wide action against corruption and enhanced screening of personnel in sensitive positions. (For more detail, see *Mexico's Counter-Narcotics Efforts Under Zedillo, December 1994 to March 1997*, CRS Report 97-354, March 14, 1997, by K. Larry Storrs.)

Critics of Mexico's efforts charge that Mexico has failed to deal adequately with drug-related corruption. This is demonstrated not only by the fact that General Jesus Gutierrez Rebollo, the head of Mexico's drug control agency, was recently removed from office on suspicion that he accepted bribes from a major drug lord, but also by the unresolved charges against Raul Salinas (the former President's brother), and former Deputy Attorney General Mario Ruiz Massieu. It is also supported by the lack of charges by Mexican law enforcement officials against Manlio Fabio Beltrones Rivera (Governor of Sonora), Jorge Carrillo Olea (Governor of Morelos) and Miguel Angel Caro Quintero (reputed head of the Sonora Cartel) linked to drug trafficking in the U.S. press. Other criticisms focus on Mexico's slowness in implementing the money laundering and banking legislation, Mexico's failure to adequately fund the Border Task Forces and to permit DEA agents to carry sidearms to protect themselves, and Mexico's poor record of responding to U.S. requests for extradition. These critics insist that Mexico must make greater progress in these areas to deserve full certification as a fully cooperative country in anti-drug efforts.

In March 1997, following President Clinton's certification of Mexico, congressional resolutions of disapproval were introduced by Representative Shaw (H.J. Res. 58) and Senator Coverdell (S.J. Res. 19, 20, and 21), while Senators Hutchison and Grassley also developed sense of Congress resolutions (S. Con. Res. 9 and 10) in the Senate. (For background on the certification process and the mandated sanctions, see *Narcotics Certification and Mexico: Questions and Answers*, CRS Report 97-320F, March 6, 1997, by Raphael F. Perl, Jonathan Sanford, and K. Larry Storrs; for pros and cons, see *Drug Certification of Mexico: Arguments For and Against Congressional Resolutions*

of Disapproval, CRS Report 97-329F, March 8, 1997, by K. Larry Storrs.) The House International Relations Committee voted 27-5 to report out a resolution of disapproval (H.J. Res. 58) on March 6, 1997, with an amendment by Chairman Gilman that permitted the President to waive the sanctions, and that required consultation with the Congress on counter-narcotics issues. On March 13, 1997, by a vote of 251-175, the House passed H.J. Res. 58, with the Hastert amendment, as modified, that defers disapproval of the Presidential certification of Mexico if, within 90 days of enactment, the President reports that he has obtained assurances of progress with Mexico in specified areas of drug control cooperation. The resolution also establishes a High Level Commission of International Narcotics Control to review the annual certification process and produce an interim report within six months.

Political and Human Rights Issues

Concerns over Elections and Political Rights. Over the years, major attention has focused on the fairness of elections in Mexico since the Institutional Revolutionary Party or PRI has controlled all presidential and nearly all gubernatorial posts since the 1930s, and has had solid control of the two chambers of the Mexican Congress as well. Following the controversial July 1988 presidential election, President Salinas proposed and the Congress enacted three electoral reforms. In subsequent years, opposition governors were elected in several states, and nation-wide mid-term legislative elections in August 1991 were considered to be generally fair. Presidential and legislative elections were held under peaceful conditions on August 21, 1994, with Ernesto Zedillo of the long ruling PRI winning the presidency with 50.18% of the valid votes. In subsequent local elections, the opposition PAN won governorships in many states, particularly in the period following the early 1995 period of financial crisis and austerity. In the most recent elections, in November 1996, the PRI won the largest number of municipalities in the important state of Mexico, but lost several major cities to opposition parties.

In late July 1996, the parties agreed, after on and off negotiations, on a major electoral reform for the upcoming July 1997 legislative elections. These included the direct election of the mayor of Mexico City, access to the media, and controls on campaign spending. The required constitutional reforms were unanimously approved by the Congress in late July and early August 1996, but in mid-November 1996, the PRI majority modified the legislation to make running in coalitions more difficult and to provide \$250 million of public funding for elections, with about half of this amount going to the PRI based on electoral returns in the last election. In January 1997, the PAN returned \$3.7 million in public campaign funds to the government treasury on grounds that the funding was excessive, given the poverty in Mexico.

Allegations of Human Rights Abuses. Charges of human rights abuse in Mexico, cited by human rights groups and the State Department's annual reports, include: allegations of torture and harassment by law enforcement and narcotics control agents; threats against journalists and academics; killings or "disappearances" of prominent critics and opposition politicians; killings and mistreatment of innocent people by the military in the early phases of the conflict in Chiapas. Other abuses include the killings in Guerrero (see below), prison deficiencies, discrimination against women and indigenous peoples, and extensive child labor in the informal sector.

President Zedillo took a number of steps to deal with these abuses. He named Antonio Lozano of the opposition PAN as Attorney General and ordered him to reopen the investigation of the assassination cases and to carry out a major reform of the judicial and law enforcement system to eliminate corruption and human rights abuse. Lozano named Pablo Chapa Bezanilla as a special prosecutor on the assassination cases. The judicial reform was approved in December 1994, increasing the independence and autonomy of the Supreme Court and of the Attorney General's Office. After trying several approaches on Chiapas, including an attempt to arrest Zapatista leaders, President Zedillo sought a negotiated settlement of the conflict. In July 1996, Mexico invited the Inter-American

Commission on Human Rights to visit Mexico, and the Commission met with over a hundred human rights groups.

Overall, Human Rights Commission recommendations have been followed fully or partially in 95% of the cases, according to the State Department report of March 1997, but on 55 cases over the past 6 years, the authorities have been negligent in implementation.

The major recent case involves the killing, on June 28, 1995, of 17 peasants by policemen in Aguas Blancas in the state of Guerrero. The police claimed initially that they responded when the peasants fired on them, while peasant leaders claimed that the group was ambushed on the way to a political demonstration. In time, state authorities arrested up to 42 policemen and other authorities on charges of homicide in connection with the incident. On August 14, 1995, Mexico's Human Rights Commission reported that peasants had not fired on the police, that some of the peasants were summarily executed at close range, and that police and state authorities acted to cover up illegalities. After a local investigation exonerated the police, President Zedillo sent the case to the Supreme Court in early March 1996 for a decision. In mid-March, Guerrero state governor Ruben Figueroa resigned under pressure and an interim PRI governor was selected. The Supreme Court ruled, on April 24, 1996, that the peasants were not armed and that state officials tried to cover up what amounted to a massacre.

LEGISLATION

H.J.Res. 58, (Shaw)

A resolution to disapprove President Clinton's certification of Mexico, with resulting aid and trade sanctions. Introduced March 3, 1997, and referred to the House International Relations Committee. The Committee voted 27-5 on March 6, 1997, to report out H.J. Res. 58, with the Gilman amendment permitting the President to waive sanctions for one year by submitting a national interests certification, and requiring consultation with Congress on drug trafficking issues. In floor debate on March 13, 1997, the House, by a vote of 251-175, passed H.J. Res. 58, with the Hastert amendment, as modified, that defers disapproval of the Presidential certification of Mexico if, within 90 days of enactment, the President reports that he has obtained assurances of progress with Mexico in specified areas of drug control cooperation, including support for DEA agents, extradition, overflight and refueling rights, and maritime agreements. The resolution also establishes a High Level Commission of International Narcotics Control to review the annual certification process and produce an interim report within 6 months.

H.R. 958 (Souder)

A bill to prohibit U.S. assistance to Mexico in FY1988 and to require the United States to vote against loans for Mexico in the multilateral development banks unless the President certifies by September 1, 1997, that the Mexican government has granted 5% of pending U.S. extradition requests, permitted 20 additional DEA agents, promulgated appropriate money laundering regulations, and instituted mechanisms to punish public corruption. Introduced on March 5, 1997, and referred to the Committees on International Relations and on Banking and Financial Services.

H.R. 978, (Kaptur)

NAFTA Accountability Act. A bill to require the Administration to certify by March 31, 1988, that NAFTA has been beneficial to the United States in terms of the balance of trade and currency values, jobs and living standards, health and environmental standards, control of illegal drugs, promotion of democracy, agricultural interests, and highway safety. If the certifications can not be made, requires withdrawal or renegotiation of NAFTA. Introduced March 6, 1997, and referred to the House Committee on Ways and Means.

S.J.Res. 19 / S.J.Res. 20 (Coverdell)

Similar resolutions to disapprove President Clinton's certification of Mexico, with resulting aid and trade sanctions. Introduced March 3, 1997, and referred to the Senate Foreign Relations Committee. Hearings held by the Subcommittee on Western Hemisphere and Peace Corps Affairs of the Senate Foreign Relations Committee on March 12, 1997.

S.J.Res. 21 (Coverdell)

A resolution to disapprove President Clinton's certification of Mexico, with resulting aid and trade sanctions, but with a provision permitting the President to waive sanctions for one year by submitting a national interests certification. Introduced March 3, 1997, and referred to the Senate Foreign Relations Committee. Hearings held the Subcommittee on Western Hemisphere and Peace Corps Affairs of the Senate Foreign Relations Committee March 12, 1997.

S.Con.Res. 9 (Hutchison)

A concurrent resolution expressing the sense of Congress that Mexico has made ineffective and insufficient progress in controlling drug trafficking, and urging President Clinton and President Zedillo to strengthen cooperative relationships and to make meaningful progress in dismantling major drug cartels, implementation of money laundering legislation, extradition of those under indictment, permitting DEA agents to carry firearms for their own protection, and prosecution of corrupt officials. Introduced on March 13, 1997, and referred to the Senate Foreign Relations Committee.

S.Con.Res. 10 (Grassley)

Concurrent resolution stating that Mexican drug control efforts have been inadequate and expressing the sense of Congress that the President should not certify Mexico a year from now, on March 1, 1988, unless Mexico demonstrates clear progress in 10 areas, including development of effective radar capacity to monitor aircraft, arrest or extradition of major drug lords, implementation of money-laundering legislation, permitting U.S. law enforcement agents to carry firearms and to enter Mexico in hot pursuit of suspects, and cooperation on maritime interdiction.

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